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NATIONAL BUSINESS REVIEW

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Inside

Hospitals leave incubator developer holding the baby

by Allan Parker

THE New Zealand developer and manufacturer of an award-winning intensive-care baby incubator — recognised internationally as revolutionary — has been left holding the baby after two local hospital boards refused to buy it and instead spent $150,000 on overseas models.

In the wake of the National Women's Hospital row, the development is likely to further embarrass the Government, particularly as the hospital boards' decisions appear to have ignored Health Department policy circulars urging restraint when buying abroad.

It also raises questions about the almost-complete autonomy that hospital boards can exercise when buying capital equipment.

In this case, Waikato and Wellington Hospital Board decisions seriously threatened efforts by Wellington-based Datamedical to win export orders for its Premicare intensive care incubator.

The local model compared favourably in price and quality with the overseas models. It had been cited by Trade and Industry Deputy Secretary Geoff Datson as an outstanding example of New Zealand technology.

The incubator has won the UDC Inventor of the Year Award for its developer, Paul Martin. It has also won a Plastics Institute award and has been granted a Design Council Designmark.

A hospital at Whakatane has installed three of the Premicare incubators and the medical superintendent there, Dr Douglas Short, says he and his staff have "nothing but praise for it".

But the hospital boards which rejected the New Zealand model were the "cream" orders for New Zealand — the largest purchasers for the domestic market.

In the case of the Waikato Hospital Board, several incubators were required to provision a new wing of Hamilton Hospital. The order was worth about $100,000.

Datamedical installed a model for five months to allow staff to familiarise themselves with the incubator and evaluate its performance. Martin visited the hospital on several occasions to check the unit out and help train staff in its use.

After technical testing, the board's engineering section reported: "A lot of thought has been put into the design of this incubator. There are no problems with servicing, as the company is New Zealand-based".

The report also noted that the price was "more than compatible with the overseas model".

And: "From an engineering point of view, the Premicare has a lot of appeal".

But when the order was put up for tender, the board selected the overseas equipment. *NBR* understands that of the four tenders received, the board purchased all three of the overseas models and rejected the Premicare.

The board offered no reasons for the rejection of the New Zealand tender to Datamedical. But chief executive Vern Fargher told *NBR* "there was nothing inherently wrong" with the Premicare.

"There were no defects as such and no criticism of it," he said.

His explanation for the decision to buy the overseas models was that there were "degrees of goodness" about the models and some of the models had improvements over the others.

"That can work for or against the New Zealand manufacturer," said Fargher.

We understand Waikato Hospital's own paediatrician found no fault with the Premicare. The decision appears to have been based on a straw poll of the nursing staff about their preference.

Martin commented that the board's decision was "being talked about in medical circles in Sydney within 3½ hours".

The Australian attitude was "Why should we buy your product when your own country won't? It didn't help us one little bit."

The Wellington Hospital Board order of several units for its new maternity St Helens replacement wing was worth about $50,000.

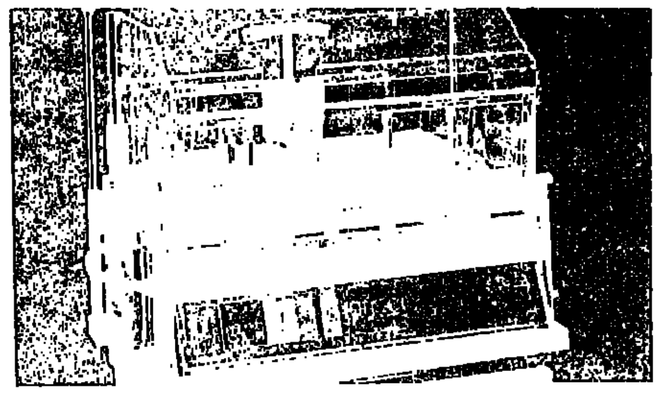
In that instance, the board did not even bother to call for tenders; it simply placed an order for an overseas model.

The Hospital's paediatrician Dr Mark Hoby, was the board's decision-maker. He blames slow delivery and questioned the servicing capability of Datamedical and some defects in the unit.

He said an order for two of the units was placed for St Helens when it was still operating. But with no delivery after six months, he cancelled the order and bought two of an overseas model.

He felt it would be "a distinct advantage" to just have the one model when the time came to equip the new wing.

"I was also very concerned about the state of development of the Premicare and far from convinced that delivery would have been any better. My biggest concern was servicing; it had always been inadequate



Local model . . . compares favourably with overseas version.

with basically only one man, Paul Martin, available for servicing."

But the overseas order was placed a year before delivery was required to install the units in the new hospital wing.

And, in a letter to Martin, Dr Hoby reported: "All in all I think that the incubator appears to be well made, extremely sophisticated, and capable of filling all the needs for intensive care of newborn infants."

Martin says that faults found with the unit were rectified in later production models. The problems of delivery were caused by the short-run production experienced by many small New Zealand companies.

"It's the old problem of making the transition from small to higher runs."

Meanwhile, Whakatane Hospital's Dr Short, ironically, a former director of medical services at Wellington Hospital, said his hospital was "very pleased" with the three units it has purchased. "Our staff are very keen on it."

The hospital bought a first model and came back for two more, with suggested modifications that were carried out "very promptly and very rewardingly".

The decision to buy the first unit was based on four factors, according to Short.

"Firstly, it appeared to us to be on a par with overseas models," he said. "It was New Zealand technology, which I have always supported. It incorporated important innovative elements. And we hoped to be in on new developments by the company."

"In the medical field there is a tendency to say that if it's New Zealand-made it's not good enough. That's just not so."

He said he experienced no delay with delivery of the units.

Continued on Page 5

The business week

Alliance Textiles Ltd appointed Denis Griffin to the board.

Arnold and Wright appointed C E Jenks to the board.

Associated Pulp & Paper Mills Ltd reported an audited tax paid profit of $14,318,000 for the year to June 30 ($17,388,000 last year). A final dividend of 8c is payable on October 24.

The **Building Society of Christchurch** will pay an interim dividend of 6 per cent on October 1.

F and P Dealer Rentals Ltd reported an audited net profit of $312,621 for the six months to June 30 ($189,512 same period last year).

Feltex NZ Ltd bought 50 per cent of the shares owned by **W D Bremner** in **Stevens Bremner Ltd.**

Feltex New Zealand Ltd reported an audited tax-paid profit of $13,083,000 for the year to June 30 ($11,303,000 last year). A final dividend of 12½ per cent is payable.

Fletcher Holdings Ltd purchased 51.32 per cent of the capital of Watts Holdings Ltd subject to Governmental approval.

Hawkes Bay's Farmers Cooperative Association Ltd reported an audited tax-paid profit of $1,803,039 for the year to June 30 ($1,454,883 last year). A final dividend of 16c is payable on November 14.

Hooker Corporation Ltd reported an unaudited tax-paid profit of $12,465,000 for the year to June 30 ($6,717,000 last year). A final ordinary dividend of 3.75c is payable November 30.

Humes Ltd appointed W M Lonie to the board.

North Broken Hill Holdings Ltd reported an unaudited tax-paid profit of $112,600,000 for the year to June 30 ($29,988,000 last year). A final dividend of 10c is payable on November 28.

Nylex Corporation Ltd appointed Henry Bosch as managing director.

Prestige-Holeproof (NZ) Ltd reported an audited tax-paid profit of $238,532 for the year to June 30 ($842,889 last year). A final dividend of 4.5c is payable on October 21.

South British Insurance Co Ltd reported an unaudited tax-paid profit of $17,249,000 for the 1980 financial year ($16,743,000 last year). A final dividend of 18c is payable on November 7.

Stevens Consolidated Ltd made a cash offer for all shares in **Stevens Investment Ltd** Auckland and **Stevens Drug Holdings Ltd,** Christchurch, the Stevens pharmaceutical wholesaling group (conditional on 90 per cent acceptance).

A complaint by the liquidator of **Securitibank** that Government involvement in the lease or purchase of the group's Swanson Towers office complex was detrimental to the group was rejected by Chief Ombudsman George Laking.

Proceeds from the sale of the **Chateau Commodore** hotels will be distributed to the **Merbank Corporation** (in liquidation) and $1.8 million from the sale of Christchurch hotel will be retained by the statutory trustee, Kenneth James Jensen.

Economic indicators

THERE was a decrease of 2.1 per cent in the delivery of petrol fuels between the June quarter 1979 and June quarter 1980. Deliveries of most types of fuels were less but deliveries of diesel increased by 13.7 per cent.

A CURRENT accounts deficit on overseas exchange transactions was recorded as $502 million for the year to July, compared with $444 million a year ago.

US questions incentives

AN investigation into New Zealands' export tax incentives will be conducted in America as a result of recent trade hearings concerning Delta Plastics.

THE Marginal Lands Board loan inquiry was postponed for a week at the request of Audrey and Jim Fitzgerald to give them time for a High Court decision on whether the inquiry should be delayed until police investigations are completed.

A CONFIDENTIAL circular distributed to drivers by five transport firms and outlining ways to evade road-rail transport laws was tabled in Parliament by Opposition MPs. Legal investigations will follow.

The week ahead

MONDAY: The Prime Minister of Tuvalu visits the Mangere Marae and RNZAF base in Whenuapai.

National conference on credit and finance management begins in Wellington (speakers include Trade and Industry Minister Lance Adams-Schneider, Labour MP Ann Hercus, Professor Brian Philpott).

OPEC conference in Vienna.

Commerce Commission trade hearing on the refusal of Dominion Breweries and Lion Breweries to supply the Duke of Marlborough Hotel.

TUESDAY: Prime Minister of Tuvalu, ends New Zealand trip with a visit to Auckland University's School of Engineering.

Commerce and Education select committee looks as estimates.

Electoral Law select committee looks at the Electoral Law Amendment Bill.

Lands and Agriculture select committee looks at estimates.

Local Bills select committee looks at the Urban Transport Amendment Bill.

WEDNESDAY: Defence select committee looks at the Armed Forces Discipline Bill.

Health and Welfare select committee looks at estimates.

Lands and education select committee looks at Shop Trading Hours Amendment Bill.

Lands and Agriculture committee looks at M[illegible] Amendment Bill and Harbours Amendment Bill.

Statutes committee looks at Passports Bill, Legal Aid Bill and Inland Revenue Department Bill.

THURSDAY Asian Development Bank president Yoshiba arrives on a six day official visit.

Trade and Industry Minister Lance Adams-Schneider speaks to National Party women's branch of the H[illegible]whenua electorate in Lev[illegible]

Exchange rates

London	[illegible]
United States	[illegible]
Canada	[illegible]
Australia	[illegible]
Fiji	[illegible]
Austria	[illegible]
Belgium	[illegible]
China	[illegible]
Denmark	[illegible]
France	[illegible]
Greece	[illegible]
Hong Kong	[illegible]
India	[illegible]
Italy	[illegible]
Japan	[illegible]
Malaysia	[illegible]
Netherlands	[illegible]
New Caledonia & Tahiti	[illegible]
Norway	[illegible]
Pakistan	[illegible]
Papua-New Guinea	[illegible]
Portugal	[illegible]
Singapore	[illegible]
South Africa	[illegible]
Spain	[illegible]
Sri Lanka	[illegible]
Sweden	[illegible]
Switzerland	[illegible]
Thailand	[illegible]
West Germany	[illegible]
Western Samoa	[illegible]

Import crackdown: Customs considers computers

THE Customs Department is joining Trade and Industry in a review of import licensing procedures in the wake of the three trials of former Trade and Industry officer Brian Pound.

Pound was the common defendant in three cases of conspiring to defraud the public. Importers Albert Schindel, Allen Wong and Bill Hing were charged separately. The juries failed to reach a verdict in each case.

Evidence given by the Crown showed a serious breakdown in the import licensing system within Trade and Industry, allowing importers to avoid the built-in checks to prevent abuse.

The cases involving Wong and Hing focussed on several key issues:

- The issuing of non-basic special import licences contrary to Government policy;
- The large number of transfers from one item code to another which Pound authorised;
- Pound's approval of licences in favour of Allen Wong's firm, Cathay Trading Co Ltd after his authority to do so had been removed.

Pound's authority to authorise licences was officially revoked in April 1977 when he was appointed Assistant Director Special Duties. But doubts were raised in the trials as to whether Pound was aware of the change.

Several times during the first half of 1978, Pound was seen in the Customs Offices in Wellington talking to an officer in the import licensing section responsible for issuing licences. On at least one occasion Pound left papers with the officer, though it was not determined what those papers were.

Pound also sent bundles of licences and handwritten memos authorising the transfer of licences from one item code to another to particular Customs officers.

Wellington collector of Customs Noel Taylor said the writing of handwritten memos for such large numbers of transfers was "not a procedure I personally would have followed".

Customs officers, many of them former colleagues of Pound from his time in the department before he was transferred with 29 officers concerned with import licensing to Trade and Industry in 1973, were never made aware of his changed authority.

Asked what position Pound held from April 1977 to August 1978 when he retired, Customs officers gave answers varying from executive officer through to Assistant Director Industries B, all positions which had delegated licensing authority.

Importers who land goods without licence technically are breaking the law, but unless it is a frequent practice, a goods-arrived licence is usually issued. The licence is recorded both on the importer's file at Trade and Industry and in Customs.

Normally an importer who frequently lands goods without licence is warned by letter, which is recorded on his Customs file. Persistent offenders are prosecuted.

Cathay Trading has received several warning letters. Bill Hing and his firm, Won Kay Hing Ltd, received considerably fewer, though Pound issued him with many goods-arrived and pro forma licences.

Police investigations which resulted in the three trials earlier this year began in August 1978, and concentrated on Trade and Industry.

Customs officers were called to give evidence for the Crown, but *NBR* understands that time limited the scope of police investigations to Trade and Industry and a small number of importers. Eventually the case concentrated on Pound and the three importers charged.

Assistant Customs Comptroller Pat McKone told *NBR* that an internal review and audit began soon after Pound was charged in 1978.

That audit failed to show any malpractice within the Customs handling of import licensing, he said.

No officers had been disciplined dismissed, promoted or moved sideways as a result of the investigation, he said.

The police were called into Trade and Industry when budgetary control copies of licences issued to Cathay Trading by Pound were found to be missing.

McKone said he was confident that Customs officers were not involved because the Cathay file held by the department was complete.

"If a Customs officer was involved he would have surely disposed of the licence copies."

Each licence copy is initialled by the issuing officer and therefore easily traceable.

"We have put in controls we hope would curtail any undesirable activity," he said.

Asked why Bill Hing had escaped attention for importing without a valid licence, McKone said Hing at that time was a fairly large importer. And the goods-arrived licences he used were issued by Trade and Industry, not by Customs acting within its own powers, he said.

Customs officers have been reminded of the code of ethics each signs when appointed and the actions which follow its breach.

McKone said the department did not hesitate to take action even to the extent of prosecuting wayward officers if necessary.

Customs' review of import licensing procedures is continuing and has recently involved Trade and Industry to discuss the use of computers. Early next year Customs expects to be keeping track of licences at least in the main ports, by computer.

Mayoral drop-out halts industrial development

CONTROVERSIAL Mayor of Waitemata City Ian McHardy has bowed out of next month's mayoral race, leaving opponent, Tony Covic unopposed as mayor-elect.

His decision will bring a halt to a major industrial development in the city. The companies most affected are Neil Holdings, which was to sell 47 hectares of land for $1.6 million, and the Mainzeal Corporation, which was to undertake the development project.

McHardy, whose alleged conflicts of interest as mayor and property developer have been strongly criticised, is understood to have decided not to stand because of "press persecution".

When Covic takes over as mayor, many of McHardy's development schemes will be killed.

McHardy planned a new $3.4 million city administration building. Covic said he opposed a new town hall within a stone's throw of Henderson's city centre. He favoured continuing to use the John Henry Centre in Henderson (built by a company in which McHardy had an interest) until the possibilities of amalgamation with Henderson had been decided.

Despite strong ratepayer opposition, McHardy was trying to get the city to finance an industrial park at Sturgis Road.

Acting for a family trust, McHardy bought land near the Sturgis Road site for just over half the price his city would pay to Neil Holdings for its land (*NBR* July 28).

Neil Holdings has been suffering like other development companies.

McHardy's scheme to buy and develop the Neil Holdings land was considered a poor financial proposition by the local valuation department, land development companies, and opposition councillors on the grounds that Waitemata already had a lot of industrial land going begging for buyers. But sky-high electricity prices, a reputation for environmental hassles, and a poor industrial infrastructure made Waitemata unattractive to business, specially when better-serviced and cheaper land was available elsewhere.

Covic said he would encourage private investment in Waitemata's industrial development but would not use ratepayers' money to finance the Sturgis Road scheme. That means that Neil Holdings and the Mainzeal Corporation (the proposed developers) will miss out on the ratepayer-funded deal.

Covic said he would undertake a thorough financial analysis of other McHardy schemes, such as city investment in the local bus company and a vehicle-testing station.

Political opponents, suspecting possible conflicting interests between McHardy's role as mayor and his past role as property developer, have spent years trying to uncover the extent of his property holdings. His former wife, Patricia, also tried to uncover McHardy's assets, to gain a settlement under the Matrimonial Property Act.

The Matrimonial Property hearing was held recently in Auckland High Court.

Patricia McHardy died the same day McHardy dropped out of the mayoral race. She had known she had only a short time to live, but wanted settlement so the two children of the marriage could be looked after.

It is understood she was granted half the Dawn Place subdivision in Henderson.

The week

Electrical workers' champion stands by 24pc

DESPITE Ministerial doubts, electrical workers secretary Tony Neary has no qualms about the 24 per cent settlement or the fact that it should stand.

Labour Minister Jim Bolger is not so sure.

When the 24 per cent settlement between the electrical supply authorities (power boards, councils and others) and the 3000 workers in the Electrical Workers Association (which represents all staff except those in Canterbury and Westland) was announced, his first response was unenthusiastic.

It was not the kind of deal the FOL and the Government had concurred would be reasonable he said.

The Government has not *actually* interfered, but Bolger offered the union (and the employers) three alternatives. All involve a measure of Government interference;

- A commission of inquiry into aspects of the 24 per cent settlement;
- Electrical supply authority workers be effectively treated as public servants whose wages and conditions would be decided in accordance with the State Services Conditions of Employment Act (the union would retain identity and membership, but would negotiate wage deals with the State Services Commission).
- The Government could invoke the Remuneration Act (not yet repealed) to alter the settlement. Bolger said this possibility was not a "major factor" in Wednesday's talks; Neary believes the trade union movement would collectively oppose its use in the present circumstances.

He sees the suggestion of bringing electrical workers into the state services as an unwarranted use of the big stick and a threat to all unions representing local body workers that they "toe the line" or be restructured.

Bolger said he favours a commission of inquiry to examine aspects of a complex settlement.

Neary agrees a 24 per cent wage increase seems high, but argues it merely corrects a long-standing anomaly. For years, he says, electrical workers in the public service have been paid more than their counterparts in the supply authorities.

According to the union, each year the union has gone into award talks with pay rates trailing those in the state sector; supply authorities agreed to a wage boost to bring workers into line with state electricians; the boost has allowed supply authority workers to catch up to the state rate as paid in October; no sooner have they caught up than they slip back because each April the ruling rates survey has fixed new state pay levels *and backdated* them to October.

Neary says the electrical supply authorities have refused to predict the state pay increase and built it into the award. Each year, they would agree to the "catch-up" because that was retrospective and known, but not to the "match-up" because that was predictive and unknown.

This year it has changed. After a decade of debate, and a lot of hard talking in the Conciliation Council, Neary says the supply authorities have agreed to bring their rates in line with state rates so the two might march side-by-side and not in Indian file.

Thus the 1980 settlement is a "oncer" that won't be repeated and has no application throughout the rest of the award talks.

The complicated settlement breaks down like this: 10.1 per cent is a "catch-up" (the last there will be) to reach parity with present state rates; 3.4 per cent is a general increase lifting the total so far to the much publicised 13.5 per cent; then there is the "linkage" with the new state rate which will be determined by the Government's Pay Research Unit later in the year.

So, a total wage increase of 24 per cent for supply authority electricians from October 10 — the day the present award runs out, subject to approval from the Arbitration Court.

Standard practise is that once a settlement has been reached in Conciliation Council, the parties sign the documents of agreement and submit them to the Arbitration Court for ratification. In most cases the court simply studies and signs but it can call for submissions on aspects of any agreement and is almost certain to do so before it accepts the "linkage" element in the *1980* electrical supply authority agreement.

The electrical workers union filed the necessary documents last Tuesday. As one official said, with Government intervention a distinct possibility it was "politic to get the employers' signature on the document and get it into the court".

Union sources say the Minister of Labour was not amused on Wednesday when he was told the documents had been filed, the argument being that the union should have stayed its hand while the settlement was the subject of discussion and dispute.

Now they have been lodged, the court will consider the original settlement — commission of inquiry or not.

Bolger wants a commission of inquiry to consider the "linkage" element of the electrical workers' settlement.

From page 1

Martin cites one export order as proof that the model is satisfactory. A Hobart hospital bought three of the units and came back for six more.

The Development Finance Corporation has been closely involved with the project. Its project officer, Ian Coombe, shares Martin's disappointment at the failure to win the Waikato and Wellington orders.

"We thought Datamedical might pick up 50 per cent of the market here, especially as the Premicare is locally-made, the quality is good and there is immediate access for maintenance," he said. And the technical credibility of the Premicare has been established "without a doubt" overseas.

Coombe was particularly disturbed that "neither the technical nor the medical people felt any obligation to consider the New Zealand content aspect."

He described the situation as "a pretty sad story".

The company had no recourse to import licensing restraints; baby incubators carry a 35 per cent tariff but one excempt from licence.

Datamedical is now trying to licence the technology overseas.

Martin and Coombe are to travel overseas at the end of the month to sound out three "positive" inquiries by companies interested in manufacturing the Premicare. One of the companies has also indicated it wants to place an order for 150 units and is anxious to secure some 15 per cent of the world market — about 900 incubators a year worth about $7 million.

The company hopes to retain the technology side of the business and to continue research and development in New Zealand.

And, notes Coombe, the technology is of international importance.

Inquiries by *NBR* show there is little control over purchasing decisions by quasi-government institutions like hospital and education boards.

They do not come within the Government Stores Board net and, in this particular case, even the Health Department has little control.

In Australia, similar bodies are restrained by specific criteria regarding preference for Australian-made products.

The boards must get Health Department approval to purchase capital equipment above a delegated spending authority (the Waikato and Wellington purchases were above this authority).

But efforts by *NBR* to ascertain the chain of decision-making command and control within the department had proved unsuccessful by press time for this issue.

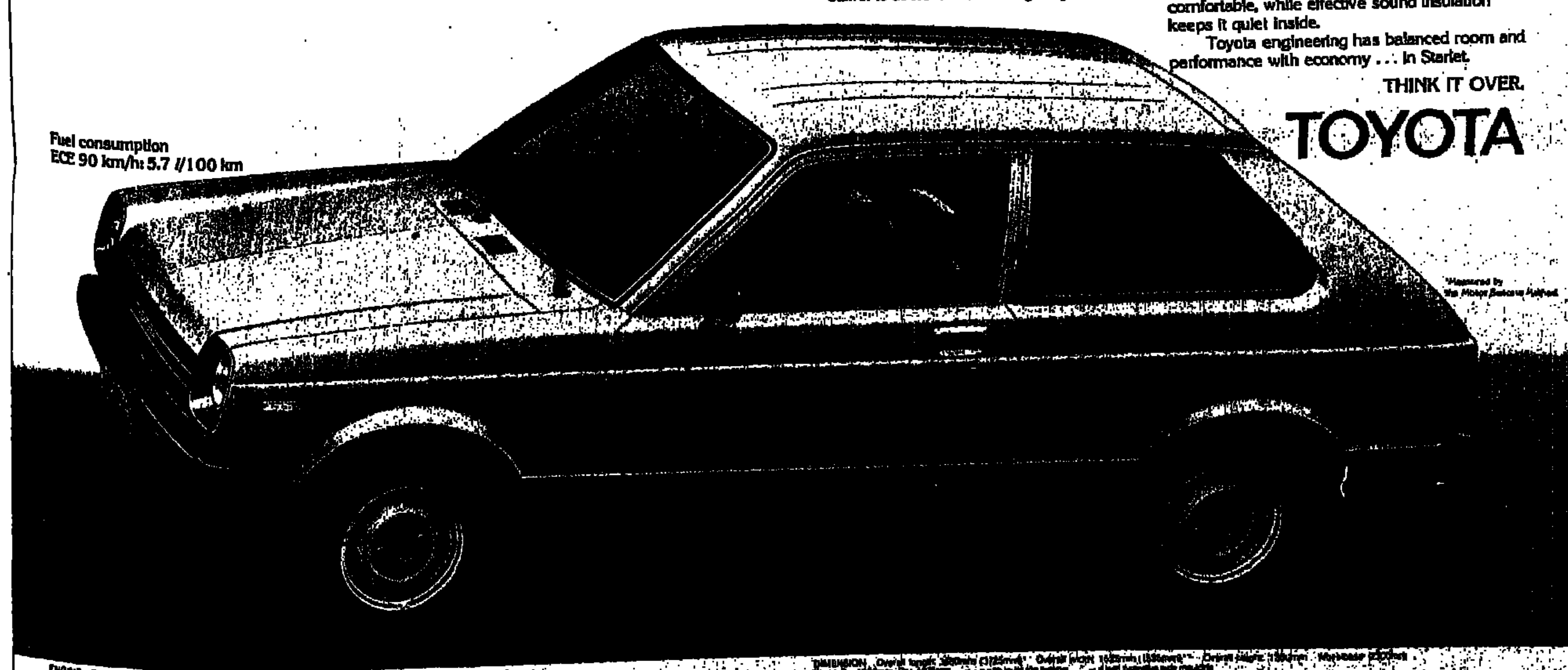
The whole question of purchasing by institutions like the hospital boards is regarded as politically sensitive and even Health Minister Gair is reluctant to wave a heavy stick.

He told us: "Our general policy is that the responsibility for purchase must rest with a hospital board and its staff, who are in the best position to judge which type of equipment will best meet their needs.

"In the case of the Waikato Hospital Board, a committee of paediatricians, nurses and stores officers carefully studied the tenders received before opting for an overseas model.

"The Department of Health's guideline require hospital boards to tender for equipment (not done in Wellington's case), to have full regard to the economics of any proposal, and to gauge which proposal will best meet the specialised tasks required of the equipment."

Whakatane's Dr Short agreed: "Our first concern in making decisions is the treatment and welfare of the patients." *The Premicare presumably fulfilled that requirement.*



Comment

Editorial

THE result must be seen as a criticism of Government actions and policies, National Party president George Chapman conceded last week after the victory of Social Credit's Garry Knapp in the East Coast Bays by-election. Prime Minister Rob Muldoon declared in New Delhi that "if ever there was a by-election where everything went wrong, this would be it." But he was not surprised by the Social Credit victory and he believed no nation-wide political inferences could be drawn from it.

Muldoon seems complacently satisfied that his Government's policies and his own leadership style had nothing to do with the outcome. Rather, he wondered about the choice of candidate, the party's organisation, and voters who would choose the Socred man instead of a noted economist.

Behaving less like a Prime Minister than a fading prima donna who can no longer fill the theatre with her voice or the seats with her enthusiasts, the peevish Muldoon thus blamed not his own performance, but rather his party's promotion of him in the electorate. He complained he had had the smallest public meeting he had held since 1974 while campaigning for Brash – "simply a case of bad organisation". Prima donna, indeed. According to local party chairman Bob Brown, the decisions to have a ticket-only meeting for Muldoon, the venue and the lack of advertising were all made at the Prime Minister's behest.

Several of the party faithful, naturally, were upset at his remarks about party organisation and about Dr Brash. Associate Finance Minister Derek Quigley said the loss was a "massive defeat for the National Government and not the fault of the candidate or the party organisation". If the result was translated to the 1981 General Election, the Government's chance of winning in the present climate of opinion would be "very remote indeed", he said. Dail Jones said his feelings would be communicated in caucus when the PM returns from his trip – but he had a different view from that of the Prime Minister on the efficiency of the electorate committee. Auckland divisional chairman P N Baker regarded Muldoon's comments about party organisation as "grossly unfair". Local chairman Bob Brown blamed the Tom Scott incident, the increase in harbour bridge tolls and the "dirty tricks letter" incident for the defeat. By then in Hong Kong, Muldoon was less concerned to comment on the criticism of him by his party colleagues than in wanting to know what journalists had said about him. He claimed he had given a balanced account of the by-election as he saw it, and "someone, either here or in New Zealand, has made it appear I was blaming the party organisation for the whole defeat," he claimed.

And so everything and everyone was at fault except Muldoon But if he hadn't packed his mate Frank Gill off to Washington as Ambassador (a particularly curious decision in light of his admission that the result did not surprise him), there would have been no by-election and no defeat.

The hard fact for Muldoon to face now is that a vote for Brash was a vote for him. It was a vote for a Government which has flaunted with public opinion to play with fiscal regulators, push through fast-track planning legislation and kick Tom Scott off the guest list to Red China while implementing policies which have failed to deal with inflation and which have resulted in chronic, record-high unemployment levels.

The Prime Minister might reflect that within seven days of the election:

• He announced a 25 per cent increase in Auckland Harbour Bridge tolls in a move which stunned both North Shore civic leaders and by-election candidates (Brash initially could not believe the tolls were going up);

• Energy Minister Bill Birch carried a reluctant nation that much further to the point of no return with the second smelter project by signing the memorandum of intent between Government and consortium;

• The electricity division of the Ministry of Energy warned the Government that the country faces a possible power shortage for six years because of the sale of a large block of power to that smelter. So – says the division – the building of new hydro dams may have to be speeded up so fast that the "fast track" provisions of the National Development Act will be too slow to cope;

• Muldoon was reminded by Commonwealth Secretary-General Sonny Ramphal that many Commonwealth governments believe an important principle involving freedom of the press would be endangered if accreditation to heads of government conferences was denied to *bona fide* journalists;

• Unemployment reached 60,000 (from less than 10,000 just before the election that brought the Muldoon Government to power in 1975).

More realistically, Chapman was satisfied that "the most that could be done was done" from an organisational viewpoint. He expressed considerable satisfaction with Brash as a candidate. In his view, the National loss stemmed from the public's misunderstanding of National's policies. National's task was to gain electors' support for the growth strategy which the Government had embarked on, he implored.

Labour, equally, has cause for concern that the by-election protest vote went to Social Credit. Belatedly, it has woken up to the fact that people also want to know the firm policies of a party which vies to take over the Treasury benches. "It places a very heavy responsibility on us to announce and widely publicise our policies," said party president Jim Anderton.

Chapman already has made a rare appearance at the Government caucus meeting last Thursday in his endeavours to improve communication between party organisation and the political wing. But besides informing the public of what it is doing, National must maintain public confidence in our democratic institutions. Works Minister Bill Young has declared that – because of the policy issues involved – the Government will not be bound by the decision of the Planning Tribunal looking into water rights from the Clyde dam. That autocratic response was given to two land-owner appellants who seek assurances that the Government will abide by the tribunal's ruling. Young failed to spell out the wider policies relevant to making meaningless the three-week tribunal sitting. And so he fostered the very ignorance which Chapman so rightly wants eliminated.

The energy projects now shrouded in an excess of secrecy are fundamental to the Government's growth strategy. But Donald Brash – asked by the *Sunday Times* last month if he was satisfied with what the Government was doing to sell the country's energy resources – said that was "a very difficult question for any outsider". The only people who could really judge if we are selling our power at the right price, for example, were the people in the Energy Department. "I am not in full knowledge of the facts from the inside, but as far as I can see we seem to be making the right decisions," he said – indicating that he, like the public, must place more store in faith than understanding. Brash is a respected and learned economist. He has several advantages over we mere members of the public: he is a member of the Planning Council and of its Economic Monitoring Group, and as the candidate for the governing party, should have been familiar with the rationale behind the Government's economic policies. Given his self-confessed ignorance, the voters can be no worse off in favouring the faith of a Social Credit candidate over that of a National economist.

– Bob Edlin

Without word of a lie

Customs hooks on to fish problem

QUESTION: When is a pilchard a herring?

Supplementary question: And, if so, when is it a sardine?

Vexing problems, indeed. But now our intrepid Customs Department has taken the bait in an effort to land some answers for confused anglers and gourmets.

We reprint, without comment, the following fishy tail from the department's September *Bulletion*:

"For some time there has been a problem over the definition of canned sardines which are exempt from import control and canned herrings and pilchards which are subject to control.

"The main difficulty is that several species of sardine are technically a combination of both sardine and herring and in the Northern Hemisphere, particularly North America, no differentiation is made so that herrings are canned as sardines and vice versa.

"From an import licensing point of view this causes problems. It has therefore been decided that for the balance of the 1980/81 licensing period, licenses will be granted on demand to traditional importers of these goods against firm orders placed on them by merchants and stockists."

Aussies aware we are going under

NO wonder Australian officials are disinterested in haggling over niggling details of the Nafta agreement. New Zealand is going under . . . and there is nothing they or we can do about it.

Auckland and parts of the North Island might survive but most of Wellington and all of the South Island are doomed to plunge into hell – the earth's red hot mantle – adding a new meaning to "Godzone".

Oil-hunting geologists think the world is made up of 10 major tectonic plates, each roughly 100 kilometres thick, Where the plates meet, the most volcanic activity occurs – and the potential for minerals, including oil, is greatest.

The North Island straddles a subduction zone, the meeting of the vast Pacific plate and the smaller Indian plate containing Australia. The same force that created the Southern Alps and gave rise to the North Island volcanoes is driving all of the South Island and the North Island to the east of the major fault line beneath the Tasman Sea. The intense pressure is probably the reason why Maui is gas and not oil. Oil is formed until low pressures.

It is not by chance that Australia sees its economic future closely tied in with South-east Asia and not the South Pacific. Australia is slowly and irresistably moving toward Indonesia at speed of one kilometre every 50,000 years.

If geologists are correct, Air New Zealand, already with a reputation for making minor navigational errors, had better be careful, (assuming Auckland still exists in 50 million years). Los Angeles will have moved well north of San Francisco!

Householder given a wrong line

OUR thanks to the anonymous correspondent who has drawn our attention to the regulations governing the operations of electricity authorities.

He/her is obviously anxious that we remind power boards of their legal obligations – an anxiety spurred by the item in "Without Word of a Lie" recently about the Wellington MED's irritating habit of flexing its ripple-control muscle without advising the public.

According to an MED staffer's reply to a householder annoyed by erratic hot water supplies, it wasn't part of official procedure to advise the public of its ripple-control intentions.

But the Electrical Supply Regulation s 1976 say that when an electrical supply authority discontinues or plans to discontinue supplies, "public or individual notice shall be given, when practicable, of any such discontinuance, and of the probable duration thereof".

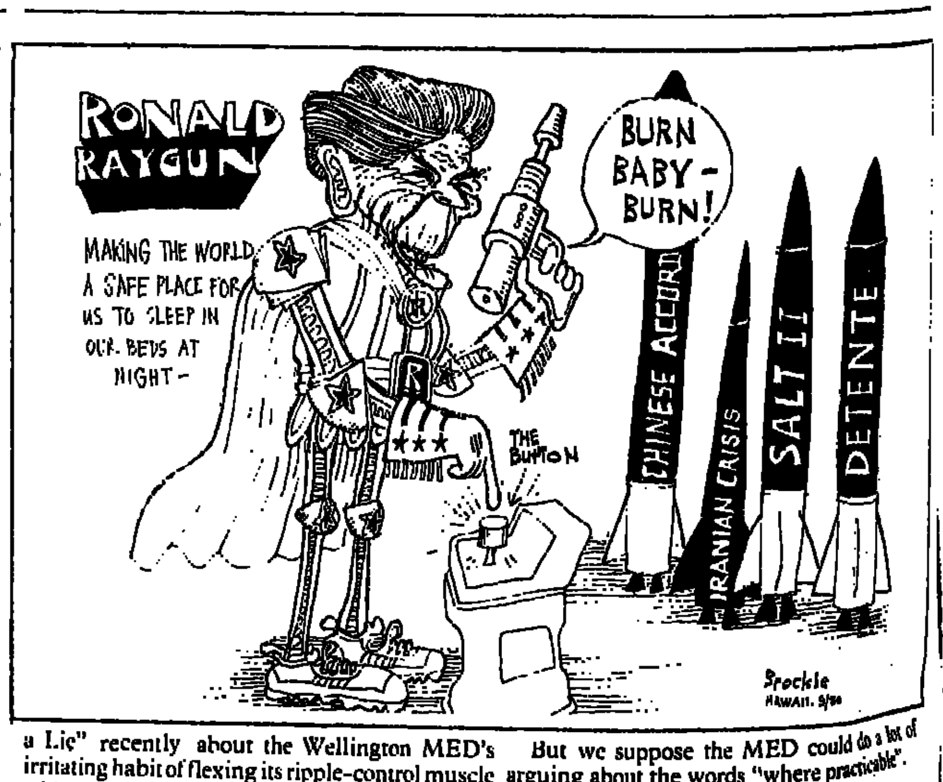
But we suppose the MED could do a lot of arguing about the words "where practicable".

No Cathay connection

IN the September 5 issue of *National Business Review*, we reported on court proceedings involving Allen Wong, proprietor of Cathay Trading Ltd, adjacent to an advertisement for Cathay Pacific, the Hong Kong-based airline.

There is no connection between the two companies and *NBR* regrets any confusion that may have arisen by the juxtaposition.

Brockie's view



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Warren Berryman
Gordon McLauchlan

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Comment

Tourism – let's promote the attractions we have

by Lynette Rankin

FUTURE development of tourism will affect us all. Yet most New Zealanders think it an unimportant topic best left to hotels, coach tours and people living in Rotorua and Queenstown.

We tend to unquestioningly assume that millions of tourists come here each year because everyone knows our country is the most beautiful in the world.

The facts differ. The majority of the world's people have no "image" of our country or even know that we exist. Last year we had about half a million temporary overseas visitors, one of the lowest for any country with a developed tourist network. The number of overseas tourists to our shores has dropped in recent years, particularly from Australia. There are increases from North America and Japan.

No major political party has a policy on tourism relating to its effects and benefits. Mention is usually made of it only as a major export earner.

Yet development of tourism is at the crossroads. Its direction could go in one of two ways. Either will be to our disadvantage if we do not become more conscious of our tourist industry.

The first alternative – the one seemingly favoured by the chief executives of Air New Zealand and the National Travel Association – means that to win the tourist dollar we must be prepared to develop a service mentality for idle rich who have never learnt to help themselves. Because their money is important we apparently must gear our way of life in shopping hours, night life and casinos to meet the whims of these big spenders.

I find this argument weak; I cannot really believe that people will travel to a faraway country to have more of what they already have at home.

What the proponents of this argument fail to tell us is that most of the money spent by this type of tourist will stay with the hotels and coachlines. It will be their shareholders rather than the general public who benefit.

Perhaps I am exaggerating their case. But I cannot help sensing that we, the people of New Zealand, are being blamed for refusing to change our ways. I hope never to see New Zealanders, who have pragmatic tradition, turn into tourist toadies.

The second alternative, promulgated by the Values Party and some trade unions and environment groups, is no better. This group sees all tourist developments as being in the casino/coach tour variety and therefore a threat to our way of life to the extent that they become anti-tourist.

That attitude, for a small isolated country, is an unhealthy one. We should not discourage the many tourists who are travellers – eager to learn, eager to share and eager to be independent. They no more want second-class citizens fawning over them than most New Zealanders do when travelling abroad. These are the visitors who enrich our lives, keep us in touch with what's happening in the big, wide world and even help our exports by seeing for themselves what a unique and diverse country this is.

The tourists favoured by the National Travel Association are those who complain about not getting immediate porterage facilities or not having shops open on Sunday for their convenience. Travellers recognise each country's uniqueness and one of the things they like about New Zealand is our casualness and lack of determination to be super-efficient.

The following comments from the visitors' book of a youth hostel certainly show no disenchantment:

"I consider myself a lucky Canadian to have my eyes opened to what peace there is in the islands of New Zealand."

"It's really enjoyable travelling from town to town seeing the hills, lakes and rivers."

"New Zealand sparkles. As I walk by the sea it seems to sing to me."

By all means we should have a tourist plan and employ modern marketing techniques. But why not change our tack and promote what is already available instead of expecting the whole of the country to change to suit "customer wants". For example we have motor camps half or fully empty most of the year. We have an abundance of walking tracks and national parks not fully used outside the school holiday period. In many areas there are fit people with an intimate knowledge of local bush and mountain areas who have to move to cities to get jobs.

In North America and Europe, "getting back to nature" and healthy living are values that people have recently taken on positively and not simply fads. Recreation in the form of trekking and camping is increasingly recognised for the mental and physical health and pleasure it offers.

Therefore why can't our tourist promotion agencies get together a bit more guided trekking outside the school holidays and long weekends for tourists from the Northern Hemisphere. At present only a few hundred tourists come to New Zealand each year for trekking yet Nepal bases its whole tourist industry around it.

After all, our abundant natural scenery includes mountains, lakes primeval forests, scintillating sea scapes, everchanging skies, fresh air and a natural light that is a photographer's dream. What's more all this is available in the Northern Hemisphere winter.

For the trekker preferring to tramp unguided some co-ordination by the Forest Service, Walkways Commission, national parks and local authorities in presenting information on these walks should not be too difficult to organise.

Some Polynesian art and architecture, hot pools, seafoods and good quality souvenir shopping and you have a country which travellers want to see for itself and not because it has all the facilities of other countries. It should not be forgotten by the "casino pushers" that many campers, trekkers and youth hostellers have far from empty wallets when it comes to sheepskin rugs, greenstone and punga vases.

It seems our real tourism problem is that we have not chosen our customer. As advertising doyen David Ogilvy said when here on a recent visit:

"When are you going to do something about your tourist industry? You have a beautiful country here but nobody knows about it. Is there a shortage of tourist plant? Or are you afraid of attracting the wong kind of tourist?

"You know, you can control the type of tourist you get. If you advertise casinos and gambling you will only get one kind. It depends on how you pick your promotion.

"Bermuda depends almost wholly on the tourist industry for its livelihood but it has awfully nice tourists because of what it selects to sell tourists in its advertisements.

"New Zealand can attract pleasant tourists who are not an affront to the country." (*NBR*, Feb 22, 1978).

Tourism affects all of us. Our lives as well as our pockets can be made richer by it providing we have some better overall planning at Government level and make better use of the resources we already have.

Lynette Rankin is a member of the publicity committee of the Youth Hostels Association.

Without word of a lie

Glider buffs take evasive action

THAT powerful lobby, the New Zealand Airline Pilots' Association, has long shown signs of wanting to clear the skies of general aviation aircraft. But glider pilots are awake to their tactics.

At the New Zealand Gliding Association's annual meeting in Wellington, the chairman of the association's airspace committee, T D Mollard, said considerable pressure was being placed on general aviation to reduce its airspace rights and freedoms.

It was essential that all glider pilots continued to maintain a dilligent lookout for other air traffic, he said, – "and specially for Air New Zealand F27 (Friendship) aircraft."

Friendship captains, he explained, had shown "a recent propensity for filing 'airmiss' reports, possibly to support their pilot association's efforts to eliminate visual/exempt airspace from the Air New Zealand domestic route structure."

Messengers try not to PO their fellows

WALK into the Beehive with one letter for a Minister or MP and the messengers will deliver it gladly. But walk in with 48 copies of a press statement to be delivered to MPs, and it's a different story.

Why? Because, as it was explained to someone in this predicament some weeks back, the messengers don't want to take work off their fellow civil servants at the Post Office.

So the stack of press releases left the Beehive and went down the road to the Post Office to have stamps fixed on them, to be delivered with usual Post Office lack of urgency.

Making haste on the energy front

FIRST the lifting of carless days, and then the lifting of weekend petrol restrictions, are explained by the fact we have ample supplies of oil on hand. And maybe we don't have to be so conservation-minded – at least till further notice.

That's the impression we are given after hearing of a civil servant who left early from a seminar at Massey University a few weeks ago. As he drove back to Wellington, he was overtaken by a Ministerial LTD with Energy Minister Bill Birch seated in the back.

The LTD – so we are told – shot past at a speed that raised the civil servant's curiousity. But at 110km an hour (he claims) – with the LTD still drawing away from him – he gave up the chase.

Radio New Zealand reporters, tipped off about the incident on his return, approached Birch. And Bill – naturally enough – was more than a mite insensed about this intrusion by the prying press. After all, he was on urgent public business at the time. What's more, he was concentrating on his ministerial papers in the back seat and didn't notice the speed.

Radio New Zealand bosses certainly seemed to see the incident from Bill's viewpoint. They didn't broadcast the item.

And fair enough, too. Don't people understand that this is the age of the "fast track" and that Bill might be permitted to set some sort of example by showing that he, at least, is willing to make haste into our energy-intensive future.

Lawyers go out to bat for smelter

THE Otago business community is actively pushing for the second smelter development to proceed, no doubt anticipating the jobs and wealth that will be brought to the depressed area.

Indeed the *Otago Daily Times* already has been reaping its slice of the rewards. It has been publishing a series of advertisements in favour of the smelter.

A letter which seems to have been sent to members of the Law Society in Otago (without approval of its council, we hear) has happened our way and gives a nice insight into Scottish canniness.

Written on Allied Press Limited (publishers of the *Otago Daily Times*) letterhead, the letter says: "As you will be well aware there is considerable controversy over the proposed Aluminium Smelter to be based near our city.

"Several members of the Law Society have indicated their wish to participate in a combined advertisement(s) in the *Otago Daily Times* supporting this vital development.

"We have been asked to co-ordinate this advertising and seek your support on behalf of the society.

"If you agree and wish to participate could you please sign below and send immediately to: Mr D J More, P O Box 108, Dunedin.

"Mr More will then liaise with our company.

"Cost will be approximately \$20-\$30 per signature."

The letter is signed by N G Smith on behalf of Allied Press.

A tear-off portion at the base of the letter includes several spaces for signatures and asks for More to forward to Allied Press, the signature(s) in support of the advertisement.

The lawyers who sign obviously don't appreciate that fast-track laws that accompany such projects these days are more likely to reduce their workload rather than generate more.

Letters

Aluminium smelter

I OBJECT to your portrayal and appraisal (*NBR*, September 8) of my views on the viability of new aluminium smelting capacity in New Zealand. You confuse sources, present a partial and disjointed outline of my view, without attempting to include the key summary and conclusions from my reports. I ask that you indicate clearly to your readers that I do not accept your presentation of my views.

Anyone wishing to be better informed on the debate can get copies of relevant publications directly from NZIER. The points I wish to make are:

Your article confuses the content of my two papers without regard to the difference between a third potline at Tiwai Point and two new potlines elsewhere which, unsurprisingly, causes errors.

You refer to Professor van Moeseke's $NZ1111 per tonne and my "about $NZ1600 per tonne", endorsing his and asking how I got the higher figure. Pages 17-21 of the Tiwai Point expansion report show why $NZ1600 was adopted.

$1600 is *not* "the spot market price" as your writer says. It *is* closely related to the North American producers list price, in contrast to your writer's statement that it is *not*.

Your writer says that by June 1980 prices were back to the September 1979 level when Alcan list price for 99.5 per cent purity ingot cif Rotterdam or Hong Kong is now $US1750 per tonne compared with $US1632 per tonne in December 1979.

Great weight is given by Professor van Moeseke and your writer to the Government Statistician's figure on aluminium prices without any discussion of their basis and the implications of this basis for the exercise. To the best of my knowledge, the only published figures are in the export trade statistics. These give fob export values. The fob export value is not defined for the purposes of export entries by either statute or regulation. Yet, this fob figure has been adopted as the selling price of metal ex-New Zealand and the smelter is run on a tolling basis. It does surprise me that Professor van Moeseke went to so much trouble to get international costs for smelters but did not, apparently, collect the readily available information on prices.

The van Moeseke figure is for ingot. The $1500 used in my comment on van Moeseke is also for ingot and comes from Murray Ellis's report. He is opposed to a second smelter but considers the $1500 per tonne a reasonable metal price. My about $1600 per tonne is *not* for ingot but for *a mixture of smelter products* which have a higher average price than ingot.

Your writer, in all this discussion on prices, ignores the fact that we also use an *average product price* of $1457 per tonne in the sensitivity testing.

The question of prices is complex and uncertain but your writer's efforts to forward the debate are counter-productive.

Your writer implies that, because the total electricity usage in the third potline at Tiwai Point would be about 17000kwh/tonne, I am incorrect when I accuse Professor van Moeseke of overstating the electricity consumption of a new smelter when he uses approximately the same figure. In this context your writer should recognise that the distinction between the electrical efficiency of an increment to an existing smelter could well be different from that in a new smelter with the opportunity to introduce the latest technology. This distinction is important. Present indications are of only 14,800 kwh/tonne at the new smelter.

It is a reflection of your writer's unfamiliarity with economics that he should find our "weighting" of costs and benefits "curious". He says that I . . . "arrive (s) at costs and benefits for the project only by applying a curious procedure". He refers then to the weighting up and down of benefits and costs and says that because these weights appear "arbitrary" I . . . "can simply weight the project until it comes out in the black". The report on the Tiwai expansion, particularly pages 29-33, deals with the shadow pricing of labour and foreign exchange.

You call for more informed public debate but it seems that you have already established the position against increased aluminium smelting capacity. My comments refer largely to your "appraisal" of my analysis but I suggest that your presentation of my views on the adjacent page was also partial and disjointed.

Kerry McDonald
Director
New Zealand Institute of Economic Research

IN the interests of publication this week, this letter has been abridged.

Our article which appraised both your comment on Professor van Moeseke's analysis of a second smelter and your paper on the national economic benefits of expanding Tiwai Point did note a distinction between electrical efficiency of an increment to an existing smelter and that in a new smelter.

The other article, by our economics writer, dealt only with your comment on the van Moeseke analysis; an article covering the content of your second paper (as best we can considering space limitations) appears on Page 11 this week. — Editor.

Not spending on salaries

YOUR article "Government reduces deficit — but debt rises" (*NBR*, June 23) states that: "the Government is attempting to prime the pump by spending borrowed money on the salaries and wages of public servants".

But if the current spending involves capital activities (as claimed) then the borrowed money is not going on salaries and wages.

For example the Post Office spent $88.3 million in 1978-79 on new capital assets of which only $6 million was financed from the Loans Account. The major source of these assets was the operating profit of $49.6 million (according to the Post Office annual report for the year ended March 31, 1979). Hence the "current spending" financed by overseas loans is largely the purchase of new capital assets out of trading profits rather than the payment of operating expenses.

John Wilson
Wellington

Biennial or bi-annual?

I SEE that the Wellington branch of the Harbour Board Workers Union is upset at the amount of money the national executive manages to spend (*NBR* August 25). A good way to save would be to hold their national conferences a little less regularly than twice a year.

Or is it possible that *NBR* has made that very common mistake and printed bi-annual instead of biennial? Tut tut!

D W Kiddey
Wellington

Identifying qualifications

I TOO am interested to know more about your anonymous "Economics Correspondent". Is it possible for you to divulge details of some of his or her qualifications without identifying the person concerned? Many issues of your paper have carried letters which reflect on these qualifications (or lack of them).

C D Mansell
Auckland

OUR correspondent has an honours degree in economics — Editor.

Reply

Gordon Johnson (Auckland): Thank you for sending us the thoughts of Einstein on competition, but — as you point out — your letter has been published in other newspapers.

Reply

A Well-Wisher (Auckland): Thank you for expressions of support, but we do not publish anonymous letters. — Editor.

Politics

Suddenly it is the National Party that is in trouble

by Colin James

A MONTH is a long time in politics. Suddenly during August the unity and confidence of the National Party evident at its conference in July crumbled. If there was a unified, ruthless Labour Party now the Government could be torn to shreds.

Last week National backbenchers were wandering around in deep gloom muttering (unquotably) that "things have got to change around here". There were brave (desperate?) words to the effect that they had to put the leg-rope back on the Prime Minister.

To his eternal credit, Dail Jones, an MP for whom I must say I have hitherto had little respect, went on record in the *New Zealand Herald* with misgivings that amounted to criticism of his boss. Both Norman Jones and Derek Quigley also publicly beat their breasts.

Norman had got a rude shock the previous week as a stand-in MP delegate to the party's dominion council meeting where much time was given to what one councillor calls the "organisational crisis" in the party, and its causes.

Underlying the debate was implicit criticism of the Prime Minister, chief flag carrier.

Dismayed party members have been asking what on earth he thought he was doing putting Colin McLachlan on the front bench ahead of Jim Bolger (ahead of anyone, for that matter)?

What was he doing going overboard on Tom Scott? Why had he spent most of his badly-attended opening speech in the East Coast Bays by-election attacking Labour on trivial issues instead of putting the case for the Government's economic strategy and development plan?

And why did he choose to approve an Auckland harbour bridge toll rise days before the by-election polling day — and without telling his party? For that matter, why did he send Frank Gill to Washington in the first place and why did he then set the by-election date for the weekend after Social Credit's conference without consultation with the party?

All this came to a head at an Auckland divisional executive meeting the night before the dominion council meeting. The division always considered most loyal to the Prime Minister broke ranks and with only one dissenting voice voted to censure him over the bridge toll affair.

This resentment spilled over into the dominion council with such vehemence that the Cabinet delegate, Lance Adams-Schneider, at one stage bleated that they would not be saying the things they were if the Prime Minister were there.

More resentment. The council unanimously decided, with an emphatic and typically colourful endorsement from Norman Jones (in a reference to his leader's size and resemblance to a certain fruit), to demand that the MPs in caucus assembled hear president George Chapman on how wrong things are going for National in the real world — another jab at the Prime Minister who has repeatedly refused Chapman access to the caucus.

And that was *before* East Coast Bays polling day, when they were all — or nearly all — fairly confident of winning.

Since that extraordinary day, and the Prime Minister's comments abour poor organisation, the feeling has got more sullen.

It may have an effect on the Remuera selection this Wednesday. Allan Highet, given time off from all parliamentary duties to campaign for his skin, had seemed to be securing a majority.

At press time for this column, he still appeared to have the edge. But the atmosphere of crisis at the centre may well have shaken some of that loose.

The party is not well. Particularly in Auckland, it has not found building membership easy, even in marginal seats. Not for nothing did Dail Jones publicly state his envy of the East Coast Bays organisation's reasonable effort in the by-election.

Even there, there were problems. The usual mass immigration of helpers from other electorates did not materialise. Social Credit outnumbered National 2-1 on the day.

So, was the Prime Minister right? Was it the organisation's fault National lost? No, shout the top organisational people with real anger, especially Aucklanders with all the zeal of new converts (to anti-muldoonism).

How can they motivate branch workers to get subscriptions and new members and how can they get the faithful to come to hear the Prime Minister if the Government is not putting the right policies in place and is not communicating those it has put in place?

And who is the custodian of the policies? Who is the chief communicator? The Prime Minister.

If you think this is familiar, you are right. We are back in December, 1978. With differences, of course. Since then there has been the flexible exchange rate, the textile plan, delicensing of the meat and film exhibition industries, a host of minor changes.

I thought these changes of direction were getting through to the rank and file party members (viz, the harmonious conference). And logically, if that was so, it would be only a matter of time before party members got the message through to the National-leaning public.

Hey presto, election victory, 1981, unless Labour improved.

Apparently it has got through to the party rank and file less than I thought. And prime ministerial personality politics and obfuscations about restructuring since the conference have blocked their ears to such message as could be communicated.

Interestingly, as the Government has appeared to take on board more of the "more market" philosophy, the backbench MPs who were most strident in their insistence on such a move have softened their demands.

They and the Prime Minister have seemed to be moving towards a central meeting point — the MPs accepting some of the Prime Minister's cautionary concern about minimising social disruption during restructuring in return for his giving up some of the old interventionism.

But, it seems, to the ordinary party member or sympathiser seeing all this per medium of the Prime Minister's public posture, the movement appears to much more towards the Prime Minister than the other way.

Not far enough, not fast enough in the right direction, they seem to have decided. Not quite the same as 1978, when they felt it was not even in the right direction, but the net effect seems to be the same — especially since the Prime Minister is back at his old personality politics tricks.

It comes down, to use a cliche the Prime Minister particularly detests, to a lack of leadership. Does the ordinary New Zealander have any sense of where he/she is going?

No. That did not matter in the 1960s when the Prime Minister did his apprenticeship under (Sir) Keith Holyoake, master of the affluent status quo. Being where you were was comfortable in those days.

But being where you are these days is damned uncomfortable for most people. They want a way out.

National appeared late last year and even through to the middle of this year to be developing a forward strategy that it thought might just sufficiently catch public imagination to keep it in office in 1981: a freer economy coupled with massive energy-intensive industrialisation.

But the Government has not only failed to sell this strategy but has begun to look at odds with itself over its commitment to it. Consequently the opponents of restructuring and heavy industrialisation are winning the public argument by default.

In short, if Labour had a PLAN, it could hardly ask for a better opportunity to capture the public imagination with it.

Perhaps we shall see such a plan emerge in the Labour leader's rallies planned for October and November and perhaps it is this that is giving some Labour MPs a belief that the East Coast Bays result means victory in 1981.

For the moment, the only party which sounds as if it believes it has got something different to offer is Social Credit.

And, as East Coast Bays showed, in certain circumstances that can turn New Zealand politics upside down.

Social Credit did not expect, or even really hope, to win. Its canvassing gave National a 10 per cent lead (roughly 45-35), with Labour a distant third at 16 per cent.

I shall look more closely at the by-election itself and its longer-term lessons, if any, in a future column. In the meantime it should be remembered that factors peculiar to the locality and the time probably played a big part in the result. The "real" result — that is, minus the Prime Minister's aberrations — is probably closer to Socred's canvassing findings.

But it is possible to say at least that the result has focussed National attention on its own problems. Last week both organisation mandarins and MPs, aware of what can happen to their own re-election chances when they let the Prime Minister loose after giving him the feeling he is on top of the heap again, were more determined to keep him on the rails in future.

If they succeed — and, more importantly (and less likely), if they succeed in getting him to project the right message — East Coast Bays may turn out to have been a blessing for them, so they hope anyway. But they are big ifs.

Economics

Weighing up the costs and benefits at Tiwai Point

Economics Writer

IN last week's column we summarised a case made by the New Zealand Institute of Economic Research in favour of expansion of the aluminium smelting industry generally. To construct NZIER's case, we used quotes from a comment issued to the press by Kerry McDonald, NZIER's director, discussing earlier research by Otago University's Professor Paul van Moeseke.

A second article appraised McDonald's work alongside van Moeseke's examination of aluminium smelters generally.

This week we look at NZIER's study estimating the national economic benefits to New Zealand from the addition of a third potline to Comalco's Tiwai Point Aluminium Smelter in Southland.

IN a recent publication, *The Tiwai Point Aluminium Smelter: The National Economic Benefits of Expansion*, the New Zealand Institute of Economic Research discusses the national economic benefit potential of expanding the aluminium smelter at Tiwai Point. NZIER's results "show that the project should contribute net economic benefits to New Zealand".

NZIER's research, based on a discounted cash flow approach, indicates that the project appears likely to meet Government standards for the rate of return of investment in national resources, exceeding the usual standard of a 10 per cent return in real (volume) terms on our local resources which are invested.

With inflation running at between 15 and 20 per cent, a real return of 10 per cent implies as much as a 30 per cent rise in the contribution of the third potline to national income valued in money terms. And NZIER claims that the contribution may be even higher because some of their calculations put the real rate of return from smelter development at above 10 per cent.

NZIER's study does not produce a single result "but rather a framework of results which shows the significance of various estimates, assumptions, appraisal methods and criteria. The study was undertaken on a consulting basis for Comalco Limited as an independent and objective analysis, and included confidential inputs from both Comalco and the Crown. These confidentialities remain with the institute".

The existence of confidential facts makes it difficult to assess NZIER's case in favour of smelter development. Several issues are left to judgement and apparently we are to accept NZIER's reputation for economic research as evidence that it has made the best use of confidential information.

The existing aluminium smelter at Tiwai Point is operated by New Zealand Aluminium Smelters Limited on behalf of the development consortium members – Comalco Limited, Sumitomo Aluminium Smelting Company Limited and Showa Aluminium Industries KK.

Its installed capacity is about 150,000 tonnes of primary aluminium from two potlines used to produce products.

A third potline at the smelter would raise capacity by about 78,000 tonnes a year. Cost of expansion would be $150 million.

We are not given a breakdown of how the expansion will be financed, but are told that "the project will be substantially overseas funded (*both the equity and loan components*) so that there will be little drain on the domestic capital markets". Partnership output shares are 78 per cent to Comalco, 11 per cent each to Sumitomo and Showa.

Construction of the potline will begin almost immediately – NZIER says by about mid-1980, but that time has passed. When construction is at its peak, 250 people with the appropriate building and engineering skills will be employed.

The new potline will create about 350 new jobs when complete.

NZIER says that about 75 per cent of those investment funds towards the third potline will be spent in New Zealand to purchase capital. About $30 million – nearly a quarter – of that will be import content. Some of the investment funds will be spent on identifiable infrastructure costs such as wharf extensions and employee housing.

"The smelter capacity will be operated on the same basis as the existing smelter, with the participants providing their own alumina and taking and selling their shares of the output," the study says. "Operating expenses will be paid to the smelter but sales revenue will be received directly by the participants. Generally participants will only remit funds to New Zealand to meet costs incurred within New Zealand."

NZIER's assessment of the potline development sets out the costs and benefits of the project in each year through the analysis period of 30 years. It says "it has been an 'economic' assessment of national benefit rather than a 'financial' assessment of private benefit" and so "a wider range of items are included as costs and benefits. Items are valued at their true resource cost to the nation rather than simply market prices".

All local resources used by the project, such as labour, electricity, plant and machinery, fuel, safety clothing and overseas payments made for the project are included on the cost side. NZIER measured the project costs in terms of five main items – profits remitted abroad, overseas interest payments, overseas capital repayments, domestic and imported capital goods, domestic and imported current goods.

The national benefits from the project include the inflow of foreign working capital, equity and debt and the revenue earned from aluminium sales. Each of these benefits involves a remittance of foreign exchange to New Zealand.

NZIER has used a technique called "shadow pricing" to value remittances of foreign exchange benefits and imported cost items. Shadow or "efficiency" prices represent the resource cost or real cost of items to the nation as distinct from the market prices at which goods are bought and sold.

A discounted cash flow approach has two main advantages. Projects can be considered in today's money terms (that is in real terms) and recognition can be given to the fact that money earned earlier in the project is more valuable than money earned later (since money earned earlier can be re-invested sooner).

If the real costs and benefits are discounted at a 10 per cent rate and the present value of benefits so discounted exceed costs, then it can be concluded that the project has a real rate of return of better than 10 per cent.

Because the project was studied over a 30 year period, NZIER, concerned with lack of knowledge about the future, performed several experiments using different assumptions in order to test the sensitivity of any results to various possible aluminium prices and production costs.

NZIER points out that "as with many cost-benefit exercises, the characteristics of the project are best understood by reference to the array of results and conditions, rather than focussing on a single result".

Space limitations do not allow a full appraisal of all of NZIER's runs, but one factor that has received considerable public attention is the selling price of electricity. NZIER says that "as this increases, the net national benefits also increase. Of course, if the price is too high, then the project would not be viable for the companies involved." Results based on an electricity price of 1c per kilowatt hour give a positive net benefit and the institute considers this to be the appropriate price.

NZIER admits that their results are sensitive to changes in the selling price of aluminium, but do not show us their calculations so that we can know how sensitive they are. All that is volunteered is the information that if electricity costs are high, and foreign exchange is adjusted to provide a 10 per cent premium, a 10 per cent fall in the aluminium price from around $1600 "reduces the project's return to near the bare 10 per cent criterion".

The main strength of NZIER's research paper is its explanation of how a discounted flow technique may be applied to the evaluation of development projects. The weakness of the NZIER study is the lengths it goes to "sell" the smelter. While claiming that "it is not advocating a more favourable treatment for this or similar projects" its summary of results concludes with a justification for the potline.

But the reader is not provided with enough information to see how the results are calculated or how sensitive they are to different assumptions.

NZIER even makes it difficult for the reader to discover one fact which it apparently meant to make public – the base aluminium price assumption. The price is stated as $73 per pound. Even a good economist would need a calculator to work out that this is about $1600 per tonne.

Expansion of the aluminium industry is not in itself a bad thing. But certainly everything has its price. Since it involves the use of scarce local resources, the public has a right to know *more detail than that provided by NZIER before the project goes ahead.*

Council prepares checks on predators' dawn raids

PETER V O'BRIEN comments on the financial and business week, appraises the share market and analyses the company accounts.

THE British Council for the Securities Industry moved last week to stop sudden attacks on companies, known as "dawn raids".

The council's proposed regulations are relevant to New Zealand, following the activity in Carter Holt Holdings shares last March, when Fletcher Holdings and New Zealand United Corporation acquired more than 48.5 per cent of Carter Holt in a few days. We have also seen other less spectacular examples.

The "dawn raid" is based on the acquisition of a large holding in a company by purchasing substantial parcels from a few shareholders, particularly institutional investors.

The Council for the Securities Industry set up a working party to investigate control of such activities in August after the De Beers organisation bought 25 per cent of Consolidated Goldfields in a few hours last February.

Reports from London say the proposed regulations will make it "almost impossible" to launch a dawn raid, by requiring the offeror to give five days' notice of his intentions.

The trigger will be the acquisition of 15 per cent of a company's share capital. According to the London *Financial Times*, anyone offering to buy more than 5 per cent of a company within five days, if the purchase would take his holding to 15 per cent or more of the capital, will have to give all shareholders five days to consider the offer.

The buyer would have the choice of a formal partial bid, or an invitation to shareholders to tender their shares through the market.

The CSI ordered a temporary ban on dawn raids some time ago. The ban will continue until the proposed regulations are finalised. The London reports say that the regulations are "surprisingly tough", and go further than proposals from a Stock Exchange special sub-committee.

The CSI is prepared to lower the 15 per cent threshold if time shows that companies are unwilling to see parcels changing hands below that level. It is also felt that the expense of a dawn raid under 15 per cent would deter potential "predators".

There have been 10 dawn raids in London this year, and apparently the operators in the market are surprised at the length of the delay proposed in the regulations.

A Stock Exchange sub-committee had suggested only half an hour's delay, but the CSI's scheme overrules that idea.

The proposed regulations raise several points for the New Zealand securities industry, which the Securities Commission will no doubt examine.

First, is the speed with which the London body acted. A committee was set up in August, and in early September it came down with draft regulations. The thought of that happening in this country is mindboggling.

But the British bodies have an advantage over New Zealand. There is a "formally informal" system in London, which has the clout to make its proposals, temporary bans, and other techniques stick, until formal rules are laid down, although the CSI is still a "consensus" body without legal force unless it asks the Government to make law.

In New Zealand we have to adopt different procedures, usually requiring an alteration to either statutes or regulations, and that can take forever.

The Stock Exchange Association attempts to control the activities of its broker members by formulating rules for their conduct; the procedure for first-come, first-served bids for example, but that body often fluffs around, and has shown (as in its original submissions on the proposed securities regulations, until it had a second think after tough cross-examination) a blinkered approach to any questioning of its methods.

(One of the association's representatives told the Securities Commission in June that he saw little reason to change the rules on prospectuses, because the public had got used to the system in the Companies Act over 25 years, and could be confused by sweeping alterations. That view was disposed of when commission members pointed out that it was the present system which could give rise to abuse). But the association has no control over outsiders.

Second, the Fletcher/Carter Holt affair shows that the desire to have a "free market" is undermined when the dawn raid tactic is used. There was no market in Carter Holt shares on Monday March 31, when the formal offer was announced in the afternoon, because a large proportion of the capital had changed hands to Fletcher and NZUC in secret conditions. The remaining shareholders would be unlikely to have a choice either of price or purchaser (see *NBR*, May ...).

The third point is described in a section of the CSI's report: "Recent history has demonstrated the need to balance the interests of the raider against the widely-held views about the need to protect the interests of the target company and its shareholders".

And that is what a "free market" is all about. "Freedom" in the market means fully informed buyers and sellers, each with equal opportunity to make a choice within that informed and willing framework.

In Britain and in New Zealand, it has been interpreted as licence for some and servitude for the rest.

Pointer for Beehive boys on inflation rates

SO MUCH for falling interest rates. Last week Fletcher Holdings came to the market for $20 million worth of debentures at an interest rate of 15 per cent, and stabilised the long-term industrial rate.

The Fletcher issue followed the latest Marac Holdings prospectus, which left the company's previous rate structure unchanged. Finance companies issue prospectuses every six months, because they have an ongoing need for money.

The result is a decline of 0.5 per cent in interest rates this year across the board, when these offers are coupled with the new Government stock rate of 13 per cent and the Dairy Board's "adjusted" figures.

It might be coincidence, but the drop in the Consumers Price Index on an ongoing annual basis was 0.5 per cent in the June quarter when compared with the year to March.

There is not an exact relationship between interest rates and the CPI, but the former react in line with the inflation rate, a point that the boys in the Beehive might care to note before they waffle on about declining interest rates.

They should start at the cause, not the effect. The cause is inflation, subject to fluctuations arising from demand, supply and so on, but those factors in turn can be linked back to inflation.

If New Zealand's ambassador at large, Tequila Rob, wants lower interest rates, they will not come about through talk, but through a substantial drop in inflation. And, paradoxically, one way to bring them down would be to push up the official rate.

After a short-term shock period of adjustment, the decline would set in, as happened in other countries this year, subject to other measures and policies which the conservative pragmatists are reluctant to accept.

The present interest rate is now underpinned, and movements until the end of the year are unlikely to have much effect on the sharemarket.

The general state of business, the depth of the present recession (which will continue in New Zealand after it has been disposed of in other countries owing to built-in time lags) will be the relevant factors.

Stock and station companies and the winemakers are two groups which come into the category.

Wine companies performed more or less in line with the projections made here in June (*NBR*, June 23).

I suggested Cooks New Zealand Wine Co would earn about $1 million, while Montana was projected at $4 million. The Montana figure assumed a tax liability. The company earned $4.5 million, and will pay no tax this year, while Cooks came in with $1,042,181, again with a tax liability.

(There is nothing marvellous about those projections; you win some, you lose some, but the easiest ones to win are the companies which provide the market with appropriate information on which to base a projection).

The outlook for these companies is still good, given the increasing consumption of wine, and the fact that income from a harvest does not come into account until the financial year after the grapes have been picked (white wines) and the following year (reds).

But weather is still a factor in the companies' profitability. The half year results for 1980-81 will give an idea of how they will perform for the full 12 months.

Stock and station companies are closer to this year's weather in their pastoral activities, although most are well diversified.

But the diversification also relates to the prosperity of the farmer, because if he has an income problem the companies' stores, motor vehicle outlets, and so on in rural servicing towns feel the downturn in spending power.

Stock and station company results now coming to hand are in line with most projections, but they are also history. At present there is good rainfall throughout the country, and a succession of sunny days. You can almost see the grass growing.

If the country gets through September and early October without any natural disasters, or unseasonal blizzards, output and weights should be well up. At that point the state of international markets will influence the farmers' incomes, subject to price support schemes.

There is a problem in the United States beef market, for example, which will probably last for some months. Drought conditions altered the "beef cycle", and cattle are being slaughtered in large numbers, thus dropping the price (although it is still relatively high). The cost of buying feed for the United States herd will send more stock to slaughter, with a consequent continuation of the price decline.

Then the cycle changes. Herds are smaller, the surplus is cleared out, and prices rise. The beef farmers build up their herds for the improved price, slaughterings are low, and we get a better return for our product, provided the lobbies, and therefore governments, can be persuaded not to monkey with quotas.

On balance there may be a dollar left in stock and station company shares.

Note: The writer neither owns, nor has a beneficial interest in, any of the securities discussed here.

O'Brien on business

Analysing annual accounts: the Post Office

THE Post Office is a state monopoly, a trading organisation, and the provider of "social services" in the broad sense.

Those factors conflict when the Post Office's accounts are examined.

As a trading organisation, it should maximise its profit. As a State monopoly the Post Office has no competitive organisation against which to measure its efficiency (only competition can provide a suitable measurement in terms of profitability, cost control, and quality of service), and its "prices" are set on a take it or leave it basis.

As a provider of "social services", coupled with its monopoly, a loss is criticised publicly, while sizeable profits have the editorial writers reaching for their typewriters.

The Post Office had a net profit of $70,855,000 in the year to March 31, 1980, compared with $49,627,000 in the previous year. A solid rise in charges accounts for much of the increase.

An assessment of the PO's financial structure and performance has to take the three factors mentioned into account, but analysis in terms of a private organisation is probably the best starting point.

Revenue for the year increased 17.4 per cent, from $514.4 million to $604.3 million. Expenditure was 14.7 per cent higher at $533.4 million. And that resulted in the 42.8 per cent increase in operating profit.

When looking at Air New Zealand's accounts (*NBR*, September 8), the point was made that the small difference between percentage movements in income and expenditure can result in massive dollar changes. In Air New Zealand's case the result was a $15 million loss. In the Post Office, net profit moves up 42.8 per cent, with the dollar change being $21.2 million.

Assuming that revenue went up 13.7 per cent instead of 17.4 per cent, the Post Office's profit in 1979-80 would have been the same as in the previous year, if expenditure remained at the level recorded in the accounts.

The revenue components are broken down in the notes. The increases in various sections of postal services, telecommunications (six categories) and other activities are remarkably constant, when the larger items are compared with the previous year.

But these figures only show that the Post Office has some ability in budgetary techniques. As a test of efficiency there is no alternative supplier of the major items in the ac- of the major items in the accounts (postal services and telecommunications).

The relationship between cash flow (profit plus depreciation) and asset values is a better comparison with private sector organisations, although not perfect.

Cash flow was $101.4 million on assets with book value of $841.1 million, for a return of 12.05 per cent. The corresponding figures for the previous year were a cash flow of $77.4 million on assets worth $747.5 million, for a return of 10.35 per cent.

The returns are reasonable by private sector standards, although not outstanding. The accounts suggest that the Post Office, possibly through a policy change, is now required to finance a higher proportion of its asset investment from cash flow, rather than relying on transfers from the Government's Loan Account.

The Post Office classified advances from the Government in its "Loans Account", under "other liabilities". There was $510.9 million owing in that account at March 31, representing 60.7 per cent of total assets. In 1979 the amount outstanding was 68.1 per cent of total assets.

That can be compared with 83.7 per cent, which was the relationship between loans and total assets in the Post Office accounts for the year ended March 31, 1976. And in that year $30,000,000 was advanced from the Vote Stabilisation to cover an operating deficit, under the then Government's decision to freeze Post Office charges in 1973.

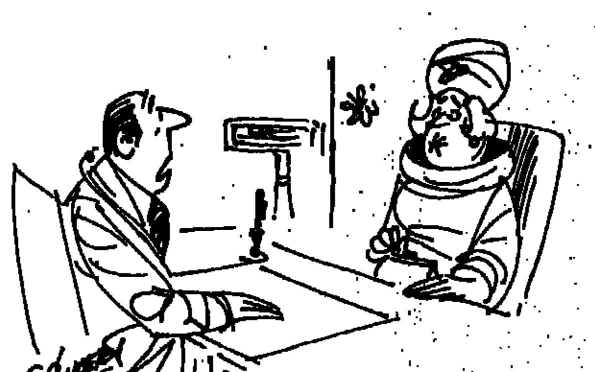
At March 31 1976 the Post Office's reserves were 6.02 per cent of total liabilities. This year they were 26.1 per cent, a figure which would make a private organisation wince (apart from a finance company – and the POSB accounts are not included in the figures quoted).

Most of the reserve funds are listed in "development reserve" ($200.7 million), as they were in 1976 ($20 million).

So the question is simple. Does the Post Office finance its capital expenditure partly from revenue and partly from borrowings in the manner of a private organisation, or does it rely on constant transfers from the Government of borrowed funds and pay a non-market rate of interest (10 per cent on moneys drawn down since 1976), and thus erode the relationship between reserves and the total balance sheet?

The answer to that question depends on one's view of State trading organisations, particularly when they are monopolies.

This exercise has concentrated on the financial principles applicable to private organisations which face competition in the marketplace. If those principles are accepted for the Post Office (and they may not be, again depending on one's viewpoint), then the $70 million profit comes into perspective, subject to the lack of a competitive measuring stick. The current round of postal charges also comes into perspective, although a strong political element can be seen there. Raising the charges this year means they are the base in election year. Raise them in election year, and the effects are fresh in the public mind.



"Did your mouth feel sticky before or after you licked the 15,000 trading stamps?"

O'Brien on business

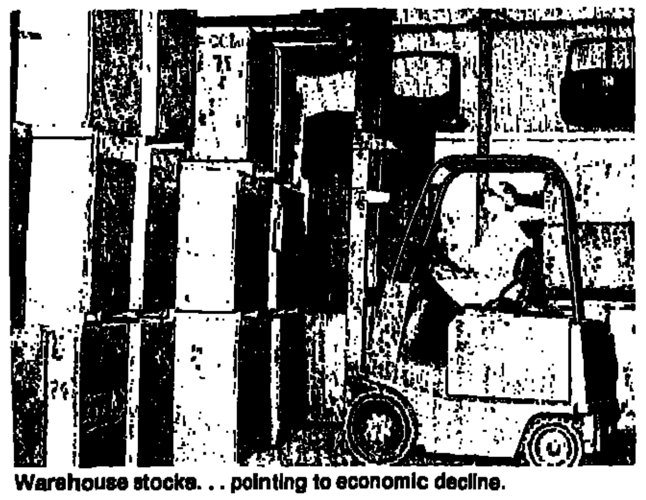
Wholesale trade figures confirm downward trend

THE recent decline in retail trade (down 2.6 per cent in real terms in the June quarter) is flowing back to the wholesalers.

From there, it will not take long before manufacturers feel pressure, unless the economy receives some stimulus.

The Department of Statistics recently reported that wholesale sales increased 11.2 per cent in the year to June, 1980, and that wholesaler stocks went up 21.6 per cent in the same period.

The sales rise is below the inflation rate, as measured by the Consumers Price Index, while the stock build-up percentage is ahead of the CPI movement. The CPI can be used only as a rough guide in this context, because it includes several items which have nothing to do with the goods in wholesalers' stores, and it is weighted for patterns of household expenditure.



Warehouse stocks. . . pointing to economic decline.

But it is the best guide we have. In the present context it is useful given the substantial discrepancy between the sales increase and the stock movement.

A comparison of sales and stocks by sectors reveals information which borders on the alarming for particular industries.

For example, wholesale sales in the "furniture store-type group" recorded an increase of 4.2 per cent in the June, 1980 year. Wholesalers' stocks in that group jumped 47 per cent between June, 1979 and 1980.

The massive margin between the figures will have one of two results, in the absence of changes to economic policy.

Either the furniture sector goes into a major stock-reduction exercise, in which case there is going to be cheap furniture around, or manufacturers see their order books dry up. The latter alternative will have an impact on the industry's economic health and on its employment rates.

Other sectors probably feel the effects of imported inflation and currency fluctuations to a greater extent than furniture, but after allowance for that point there are wide margins between sales and stocks.

The machinery sector lifted sales 17.4 per cent in the [illegible] year, but its stocks went up [illegible] per cent. A large proportion [illegible] machinery sold in New Zealand is imported.

There is an overseas inflation element which can be higher than the local rate, particularly if it comes from Britain. And in that case the movement [illegible] sterling against the New Zealand dollar over the last year would also affect the dollar value of stock in New Zealand warehouses.

The chemicals "store type group" had a 15.2 per cent sales improvement in dollar terms during the year, but its stock value at June 30, 1980 was [illegible] per cent ahead of the previous year.

The effects of overseas price changes are probably more marked in this group, because many of the "chemicals" referred to could be oil-based.

Electrical supplies' sales were 4.8 per cent higher, but stock value was 28.4 per cent ahead.

In relation to the economic health of wholesalers, a [illegible] count of stocks for imported local inflation is only a [illegible] tical exercise, because they have to carry the higher value irrespective of the value figure. That puts pressure on working capital.

Unless a wholesaler has a friendly financier, he can expect to pay around 15 per cent all up for money used in the business.

When your sales are only [illegible] 5 per cent ahead in unadjusted dollar values, but your stocks cost an additional 30 to 40 per cent in the same year, the [illegible] on working capital and interest payments in the profit and loss account are obvious.

The "destocking" process has begun in the apparel group. Unseasonal sales in clothing stores show up in the retail sales turnover, but there is an interesting movement in the wholesale statistics.

Sales in the June year were only 7.9 per cent up on 19[illegible] while stocks changed 17.7 per cent. There is a sizeable margin between the two, but not as large as casual observation would lead one to believe.

Isolating one "reason" behind economic indicators can be a dangerous pastime, because global figures can hide several conflicting influences which provide the final result.

But destocking in the clothing industry, combined with other troubles which could also lead to destocking, appears an important element in the figures.

The department's summary of wholesale trade may seem a mere statistical exercise, but, in common with all the economic statistics available, they support a general trend when set alongside the other information.

That trend is steady economic decline. It is immaterial whether the "bottom" is realistic for the New Zealand economy, or a disaster which should be corrected.

It is happening, and that is the factor which policymakers have to consider when formulating their proposals and adjustments over the next six to nine months.

In a different, but related context, the dull statistics are fleshed out when devastations like East Coast Bays occur, irrespective of the non-economic "special factors" which influenced that spectacle.

Stock Exchange weekly review

FOR WEEK FRIDAY SEPTEMBER 5 TO THURSDAY SEPTEMBER 11

	Last sale	Week's high	Week's low	Turnover
AIRWORK,50C	125	...	...	0
7.5% PR	...	...	...	0
6% PR	...	...	...	0
AJAX G.K.N.	290	290	290	1300
A.J.WHITE	115	115	115	3500
11.5% CONV PR	100	...	...	0
ALCAN,50C	168	170	168	1400
A.H.I.	225	232	225	3600
ALLIANCE,50C	52	53	52	14500
12% CONV PR	48	48	48	900
ALLFLEX	110	115	110	16200
ALLIED FARMERS	285	285	280	26300
12% CONV PR	265	...	...	0
ALLOY STEEL	200	...	...	0
A.M.BISLEY, 50C	188	190	188	1700
AMPOL PET.,50C	205	205	204	3600
A.BEAVEN	112	114	112	40800
11% CONV NTS	100	100	100	6700
11.5% CONV PR	100	100	100	100
ANDAS GROUP	107	107	105	1100
5-6.5% PR	43	...	...	0
12% CONV PR	95	...	...	0
ANZ BANKING GROUP	225	230	225	40000
A.WRIGHT	340	340	340	100
"A" 6-7.5% PR	...	...	...	0
"B" 5-6% PR	60	...	...	0
A.BARNETT	185	...	...	0
A.ELLIS	30	35	30	10600
ARTHUR YATES	350	350	345	14500
12% CONV PR	140	140	140	2800
ASHBY BERGH	245	245	240	1100
A.B.CABLES	210	...	...	0
ATLAS, 50C	30	33	30	34000
10% CONV PR	30	30	30	2700
AUCK.GAS	480	480	475	3800
AURORA,50C	165	165	165	3300
10% CONV PR	110	...	...	0
14% CONV NTS	125	125	125	100
CONV NTS '84	102	...	...	0
A.C.I.	198	...	...	0
AUTOCRAT HOLD.	175	175	175	600
BAILLIE,50C	60	60	60	200
BALLINS,50C	72	72	69	12700
11% CONV PR	61	61	61	2700
BANK NSW	410	415	410	5700
BEACH PTER.,50C	195	195	195	100
BING HARRIS, 50C	80	80	75	9400
B.N.Z. FINANCE	270	270	265	2400
BRIDGEVALE,50C	55	...	...	0
BRIERLEY, 50C	364	366	362	52200
12.5% SPEC PR	...	...	...	0
BOS, 50C	50	50	50	1800
B.H.P., 200C	2020	2050	2000	10100
BROTHER, 50C	70	...	...	0
BUNTING,50C	95	95	90	16200
BURKES CAT.,50C	160	...	...	0
C.P.D.	190	190	189	61100
7-9% "A" PR	...	...	...	0
5% "B" PR	...	...	...	0
10% CONV PR	172	172	172	2000
C.F.C.A.	210	210	210	400
11% CONV PR	170	...	...	0
C.F.M.	210	210	210	12800
12% CONV PR	145	145	145	800
CANT.FLOUR	220	...	...	0
CANT.TIMBER	308	310	300	3700
12% CONV DEB	280	280	260	300
CAPITAL RADIO, 25C	150	...	...	0
CAPITAL LIFE,50C	70	...	...	0
CARBONIC ICE	270	...	...	0
CARTER HOLT	328	330	325	8200
CERAMCO	195	195	190	23900
12% CONV PR	102	102	102	100
CHALLENGE	299	300	298	32600
16% CON PREF	296	296	290	51900
CHENERY	145	147	145	3300
CH'CH.GAS	210	214	210	1200
CH'CH PRESS	275	...	...	0
CITY REALTIES,10C	37	37	37	1000
CLYDE GROUP	92	100	98	17600
12% CONV PR	90	90	90	1400
COLLINGWOOD,50C	38	38	38	500
13% CONV PR	34	34	34	400
COL.MOTOR	180	180	180	2100
CON NTS 10%	135	...	...	0
COLYER WATSON	108	108	107	1300
COMALCO,50C	690	700	690	450
COMMAND	135	137	135	6700
COM.BANK AUST	320	...	...	0
COM.METAL,50C	150	150	150	2100
COM.SILVER,40C	16	17	12	288900
COOKS WINE	170	170	168	6900
COPY-WRIGHT	112	...	...	0
12% CONV PR	90	...	...	0
CROWN CONSOLIDATED	210	210	199	8900
11% CONV PR	182	182	182	1000
C.S.R.	960	960	960	1600
CYCLONE,50C	240	240	240	100
DALGETY(N.Z)	230	233	230	52200
DALHOFF & KING,50C	65	65	65	12200
DEANES	138	...	...	0
D.I.C	152	152	152	12700
12% CONV PR	122	122	122	800
DINGWALL & PAULTER	185	185	185	700
DONALD WALLACE,50C	109	110	109	5600
12% CONV NTS '79	...	...	...	0
11% NTS '82	135	105	105	1000
8% CONV NTS	75	80	75	1000
N.I.C.A	68	...	...	0
DOM.BREW.,50C	74	74	74	266700
11% CONV PR	47	48	47	3500
CONSCHYS	260	260	260	2800
12% CONV PR	330	...	...	0
D.R.G.,50C	90	90	90	700
DUNLOP (NZ)	370	375	370	900
6.5% PR	45	45	45	300
EMBERTT	120	120	120	600
EBOS,50C	129	129	123	1600
E L'STEIN,50C	200	205	200	4500
EMPEROR MINES,10C	345	345	345	200
ENDEAVOUR	140	142	140	5300
E.ADAMS	158	158	158	200
EUROPA PREF NT	90	90	90	100
F.T.C.,50C	103	103	102	11600
11% CONV PR	77	78	77	3300
F.WAIMAN,50C	66	...	...	0
FELTEX,50C	127	135	126	131800
5% PR	40	...	...	0
FIRESTONE NZ	115	115	113	4700
FISHER & PAYKEL	195	195	194	31600
FLETCHER	368	370	366	40100
15% CONV PR	107	108	106	1500
FOUNTAIN CORP	130	130	130	200
FREIGHTWAYS, 50C	155	155	152	14500
10% CONV PR	87	87	87	500
GEAR	82	82	82	400
11.5% CONV PR	70	70	70	400
GEN.FINANCE	200	...	...	0
G.COURT	135	135	135	200
G.J.COLES,50C	277	...	...	0
GOLDEN BAY,50C	51	51	50	425300
GOODMAN GROUP	260	260	255	11100

	Last sale	Week's high	Week's low	Turnover
14% CONV PR	195	195	195	900
GROSVENOR PROPS, 25C	50	...	...	0
HALLENSTEIN	235	...	...	0
HAURAKI ENTERPRISES,25C	155	155	155	600
HANKINS,50C	50	51	50	10700
6.5% PR	...	...	...	0
H.B. FARMERS	218	218	215	2000
13% CONV PR	145	...	...	0
HAYWRIGHTS 5 PREF	65	65	65	200
HEALING	270	275	260	16800
10% DEB	...	...	...	0
12% CONV PR	240	...	...	0
H.POLLARD	280	280	280	600
10% CONV PR	220	...	...	0
HENRY BERRY,50C	160	165	160	30300
10% DEBS	235	...	...	0
HOOKER,50C	73	...	...	0
HUME INDUSTRIES	118	...	...	0
5-7.5% PT PR	42	...	...	0
10% CONV DEBS	117	...	...	0
I.C.I.(AUST)	155	...	...	0
I.C.I.(NZ)	190	190	189	12700
IND BROADCASTING	140	...	...	0
INDEPENDENT NEWS	165	170	165	500
IND.CHEM,50C	175	175	175	100
INTERTASMAN NZ,50C	...	...	...	0
I.W.DOW,50C	245	245	245	11800
JAMES AVIATION	325	...	...	0
JAMES SMITH 50C	85	87	85	400
14% CONV PR	60	...	...	0
J.E. WATSON	260	...	...	0
12% CONV PR	220	...	...	0
J.BURNS	190	190	185	2400
12% CONV PR	165	...	...	0
JOHN EDMOND	190	...	...	0
J.WEBSTER 50C	45	45	45	4000
12% CONV PR	40	...	...	0
J.MERCER INDS., 200C	70	...	...	0
5.25-6.25% PR	...	...	...	0
J.NATHAN	140	...	...	0
6.5% PR	125	...	...	0
11% CONV DEBS	140	...	...	0
J.RATTRAY	185	185	185	500
12.5% CONV PR	130	130	130	1000
KEARNS-OATINA, 200C	210	...	...	0
L.W.RUDKIN,50C	118	118	118	26500
12% CONV PR	92	...	...	0
LANES,50C	35	43	35	1500
L.D.NATHAN	176	178	175	21300
9.5% CONV DEBS	177	...	...	0
LEYLAND,50C	110	110	110	1100
LION, 50C	95	97	95	93700
10% CONV PR	87	87	85	9300
12% CONV PR	75	75	74	7000
L.&H.OIL,50C	40	40	33	81400
LUSTEROID	416	...	...	0
MAINZEAL CORP,50C	90	90	90	1000
MAIR,50C	180	180	175	700
11% CONV PR	130	...	...	0
MANAWATU,50C	110	...	...	0
MANTHEL	150	150	150	1500
MARAC	273	273	265	1100
MCALPINE,50C	70	72	70	3000
MCKECHNIE	185	185	185	5500
MIDLAND	163	165	163	6300
11% CONV PR	130	130	130	100
MIN.RESOURCES,20C	95	98	75	77100
M.O'BRIEN,50C	75	75	75	6100
12% CONV PR	62	62	62	200
MONTANA,50C	163	165	161	20400
M-P.I.M.	175	...	...	0
11% CONV NTS	140	...	...	0
MOSGIEL	3	...	...	0
13% CONV PR	3	...	...	0
MOTOR HOLDS.,50C	128	132	125	80800
12.5% PR	...	...	...	0
MOTOR TRAD.,50C	62	62	62	900
5-6% PR	46	...	...	0
11.5% CONV PR	55	35	55	7300
MSI CORPN,50C	107	108	106	15800
12% CONV PR	110	110	110	1200
MT.COOK	168	170	165	14900
N.I.M.HOLDS.,50C	680	...	...	0
NAT.INSCE, 50C	210	220	210	2400
NATIONAL TRADING	...	...	...	0
6% PR	...	...	...	0
NAYLOR	130	130	130	1000
5% PR	...	...	...	0
NEIL HOLDINGS, 50C	30	30	29	39200
N.Z.CEMENT	106	106	106	2900
N.Z.F.C.,50C	105	106	105	9400
11% CONV PR	80	80	80	800
N.Z.FARM FERT.	172	172	172	3400
12% CONV PR	134	136	134	1500
14% CONV PR	133	133	133	300
N.Z.F.P.	352	360	350	49600
N.Z.I.G.	350	355	345	6700
5.5% PR	...	...	...	0
N.Z.I.	240	242	238	24500
10% CONV PR	170	...	...	0
N.Z.LAND,50C	20	20	20	1200
N.Z.LEATHERS	50	58	50	200
N.Z.MOTOR BODIES	95	95	95	300
N.Z.M.C	144	146	143	12100
N.Z.NEWS	210	210	210	46000
N.Z.PETROL,50C	390	450	390	22250
N.Z.REFINING	94	94	93	5200
N.Z.STEEL	187	190	187	9100
N.Z.UNITED	420	...	...	0
NIVEN INDUSTRIES	105	...	...	0
NUHAKA	180	180	170	900
ODLINS, 50C	84	84	82	125900
"A" 6% PR	20	...	...	0
12.5% CONV PR	57	...	...	0
"B" 13% CONV PR	60	60	54	5400
OPTICAL HOLDINGS, 50C	58	62	58	3200
12% CONV PR	43	...	...	0
OTAGO PRESS & PROD	110	110	108	1700
PAVROC HOLDINGS	110	110	110	2200
P.D.L.HOLDS,50C	140	140	135	8900
PERM.INVEST	80	80	80	300
PHILLIPPS & IMPEY,50C	129	129	128	5200
PRESTIGE,50C	87	87	85	10700
PRINT & PACKAGING	198	198	196	8700
11.5% CONV PR	165	165	165	2500
PROGRESSIVE	395	395	395	4200
12% CONV PR	800	805	800	2600
PROP.SECURITIES,50C	150	150	150	2500
PRUD.BUILDING	105	...	...	0
QUILL MORRIS,50C	95	95	95	1100
12% CONV PR	85	...	...	0
RADIO AVON, 25C	172	172	172	1100
RADIO OTAGO	130	...	...	0
REGINA	100	100	100	600
R & W HELLABY	185	185	185	1800
REID FARMERS	250	250	250	3000
REPCO(NZ),50C	82	82	80	1700
10% CONV DEBS	92	...	...	0
REVERTEX	310	...	...	0
REX CONSOL.	245	...	...	0
RHEEM,50C	160	160	160	7200

	Last sale	Week's high	Week's low	Turnover
RICKSTAN,50C	242	...	...	0
ROTHMANS,50C	115	115	112	26400
R.W.SAUNDERS	310	...	...	0
SALMOND	190	190	190	1100
SANFORD	300	...	...	0
PR	135	...	...	0
12% CONV PR	230	...	...	0
12% "B" CONV PR	230	...	...	0
SCHOFIELD	140	140	140	1500
SCOTT,50C	75	75	75	1300
12.5% CONV PR	67	...	...	0
SELBY	200	...	...	0
SKELLERUP,50C	300	302	300	16500
5-7.5% PR	35	...	...	0
SMITH BIDLAKE,50C	172	172	172	5800
12% CONV PR	137	137	137	9300
SMITHS C.P.	125	130	125	400
STH. BRITISH	285	292	282	26700
STHN. CROSS HOTEL	125	...	...	0
STHN CROSS MINS.,20C	40	42	30	240200
S.I.P.	210	210	206	11400
SPEDDING, 50C	52	52	52	300
12% CONV PR	70	70	70	1000
STEEL & TUBE, 50C	102	105	101	11900
SUCKLING	155	...	...	0
TASMAN, 50C	332	333	332	14300
RED PR	...	...	...	0
PART PR	...	...	...	0
TAYLORS	120	120	120	500
12% CONV PR	120	120	120	200
TELTHERM	165	168	165	1100
12% CONV PR	125	...	...	0
T J EDMONDS	307	300	255	4400
TOLLEY	105	105	105	27600
TOUR FIJI	35	35	35	700
TRANS ASHBURTON, 50C	47	47	47	200
TNL GROUP, 50C	[illegible]	55	[illegible]	[illegible]
10% CONV PR	64	64	63	14000
12% CONV PR	[illegible]	66	65	500
TRANS [illegible]	[illegible]	65	[illegible]	[illegible]
12.5% CONV PR	[illegible]	64	62	400
15% CONV PR	75	...	...	0
TRANSVISION	210	215	210	1500
U.D.C.	147	...	...	0
U.E.W.,50C	104	105	[illegible]	[illegible]
6.5-7.5% PR	115	...	...	0
12% CONV PR	85	[illegible]	[illegible]	[illegible]
15% CONV PR	[illegible]	60	62	[illegible]
UNITED STEAMSHIP	[illegible]	...	...	[illegible]
5.5% PR	[illegible]	...	...	[illegible]
UNITED BLDG	[illegible]	...	...	[illegible]
UNITED PUBLISHING	[illegible]	...	...	[illegible]
VACATION,50C	59	[illegible]	[illegible]	[illegible]
12% CONV PR	50	[illegible]	[illegible]	[illegible]
12.5% CONV PR	[illegible]	52	[illegible]	[illegible]
WAITAKI-NZR	[illegible]	[illegible]	[illegible]	[illegible]
11.5% CONV PR	[illegible]	[illegible]	[illegible]	[illegible]
12% DEBS	165	...	...	0
WALKER & HALL	480	...	...	0
WATTIE,50C	118	119	118	64400
12.5% CONV PR	75	75	74	1500
WELGAS	475	475	475	1300
WILKINS & DAVIES	200	200	200	300
5.75-7.5% PR	50	...	...	0
W.JEFFERY	125	125	125	4300
12% CONV PR	105	105	105	1000
WILSON & HORTON	355	355	355	1400
WILSON DISTILLERS	90	95	90	1900
WILSON NEILL	135	135	135	600
12% CONV PR	165	...	...	0
WINSTONE,50C	77	78	72	62300
12% CONV PR	53	53	52	10100
W'WTHS (NZ) PROPS, 200C	182	...	...	0
5.75% PR	72	72	72	480
WORMALD	270	...	...	0
5-7.5% PR	100	...	...	0
W.R.CARPENTER,50C	256	...	...	0
W.SUTHERLAND	135	...	...	0